

**Submitted by Michigan Environmental Council
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22. Michigan law currently contains provisions for incentive renewable energy credits, and advanced cleaner energy credits. What impact has the provisions for incentive renewable energy credits and advanced cleaner energy credits had on renewable energy in Michigan? What has been the impact of similar provisions in other jurisdictions?

Most of the incentive credits relate directly to the generation of renewable energy and have had significant success as outlined in the most recent MPSC report on PA 295 of 2008. However, also on the list are a number of provisions that, although related to energy, are not directly tied to renewable energy. These might be more effective if moved to another sector of the law that is more generally applicable to all energy generation in Michigan.

Storage Capacity

For instance, MCLA 460.1039 creates an incentive for the use of storage capacity and states in part:

(2) (c) 1/5 renewable energy credit for each megawatt hour of electricity generated from a renewable energy system during off-peak hours, stored using advanced electric storage technology or a hydroelectric pumped storage facility, and used during peak hours. However, the number of renewable energy credits shall be calculated based on the number of megawatt hours of renewable energy used to charge the advanced electric storage technology or fill the pumped storage facility, not the number of megawatt hours actually discharged or generated by discharge from the advanced energy storage facility or pumped storage facility.

The Ludington Pump storage facility provides Michigan a valuable opportunity to use power generated during non-peak hour during peak demand periods. This reduces our need to purchase or generate power when it is most expensive. Increasing our capacity to store power can help place downward pressure on rates by reducing our need to build, operate and maintain generating facilities. The Commission should explore methods to encourage other incentives to create more storage capacity in Michigan whether it is used for renewable or non-renewable resources.

Cogeneration

In addition, Public Act 295 of 2008 included a provision to generate advanced cleaner energy credits using industrial cogeneration facilities (MCLA 460.1003 (c) (ii)). These facilities are clearly an effort to use energy efficiently, but in some cases are strictly fossil fuel powered facilities with no other tie to renewable energy. We support the conversion of this excess heat or energy into electricity. However, industrial facilities face significant barriers to implementation of these systems under this limited provision. This incentive should be moved elsewhere in energy legislation and other barriers to its use removed or minimized.